

DECISION**THE COMPTROLLER GENERAL
OF THE UNITED STATES
WASHINGTON, D. C. 20548**

Easterwood

29516

FILE: B-214837**DATE:** October 11, 1984**MATTER OF:** Foreclosure Sale

DIGEST: The residence of a transferred employee of the Veterans Administration was sold in a foreclosure sale pursuant to court order. The employee may not be reimbursed under 5 U.S.C. § 5724a(a)(4) for costs assessed by the court in connection with the foreclosure sale since the Federal Travel Regulations specifically preclude reimbursement for costs of litigation. Costs deducted from the proceeds of the sale to winterize and secure the premises may not be reimbursed in view of the regulatory prohibition against reimbursement for operating and maintenance expenses.

The question in this case is whether the expenses disbursed by the referee out of the proceeds of the foreclosure sale of a transferred employee's residence may be reimbursed as residence sale expenses under 5 U.S.C. § 5724a(a)(4). Although the unusual nature of the foreclosure sale does not preclude reimbursement of associated residence sale expenses, the Federal Travel Regulations prohibit reimbursement of maintenance costs and costs of litigation. Since expenses disbursed by the referee were for maintenance of the property or for litigation costs associated with the judicial process of foreclosure, they may not be reimbursed.^{1/}

The Veterans Administration transferred the employee in this case from Albany, New York, to Alexandria, Louisiana, on February 9, 1981. Under regulations then in effect, the Veterans Administration extended the period for completing residence sale and purchase transactions to February 10, 1984. The employee's New York residence was ultimately sold at a foreclosure sale in March 1983 as the result of a Judgment of Foreclosure entered in December 1982. The employee claims reimbursement for the following amounts disbursed by the referee out of the proceeds of the foreclosure sale:

^{1/} The Director, Office of Budget and Finance, (Controller), Veterans Administration, submitted this request for an advance decision.

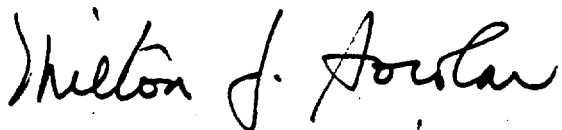
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Referee's fee	\$ 200.00
Advertising expenses	220.00
Plaintiff's costs and allowances in bringing foreclosure action	744.50
Receiver's bond premium	30.00
Costs of winterizing and securing premises during foreclosure action	<u>\$1,257.25</u>
Total expenses claimed	\$2,451.75

Reimbursement of real estate expenses in connection with a Federal employee's change of duty station is authorized in 5 U.S.C. § 5724a(a)(4), and the implementing regulations are found in chapter 2, Part 6, of the Federal Travel Regulations (FPMR 101-7, May 1973). Paragraph 2-6.2c specifically precludes reimbursement for costs of litigation and paragraph 2-6.2d precludes reimbursement for operating and maintenance costs. We have held that expenses assessed incident to the judicial process of foreclosure--an action before a court--are costs of litigation. Foreclosure Sale, 61 Comp. Gen. 112 (1981). Since the first four items of expense claimed by the employee were incurred for the purpose of the foreclosure proceedings, they are costs of litigation that may not be reimbursed. The \$1,257.25 amount paid by the referee for winterizing and securing the residence was maintenance and may not be reimbursed in view of the specific prohibition discussed above.

Accordingly, the employee's claim may not be allowed.

for 
 Comptroller General
 of the United States